ESSENTIALLY WEALTH

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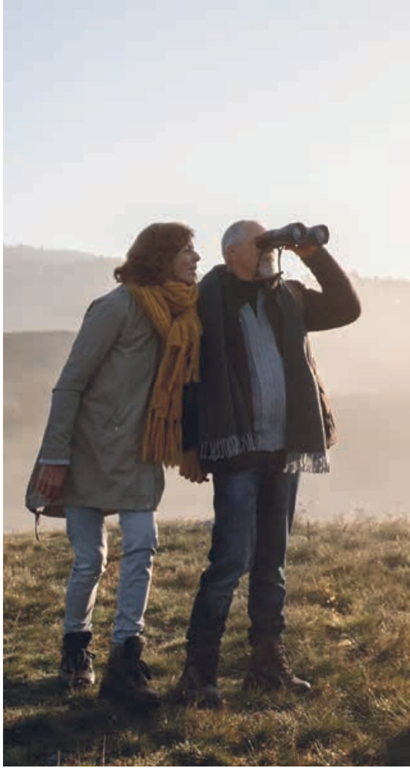
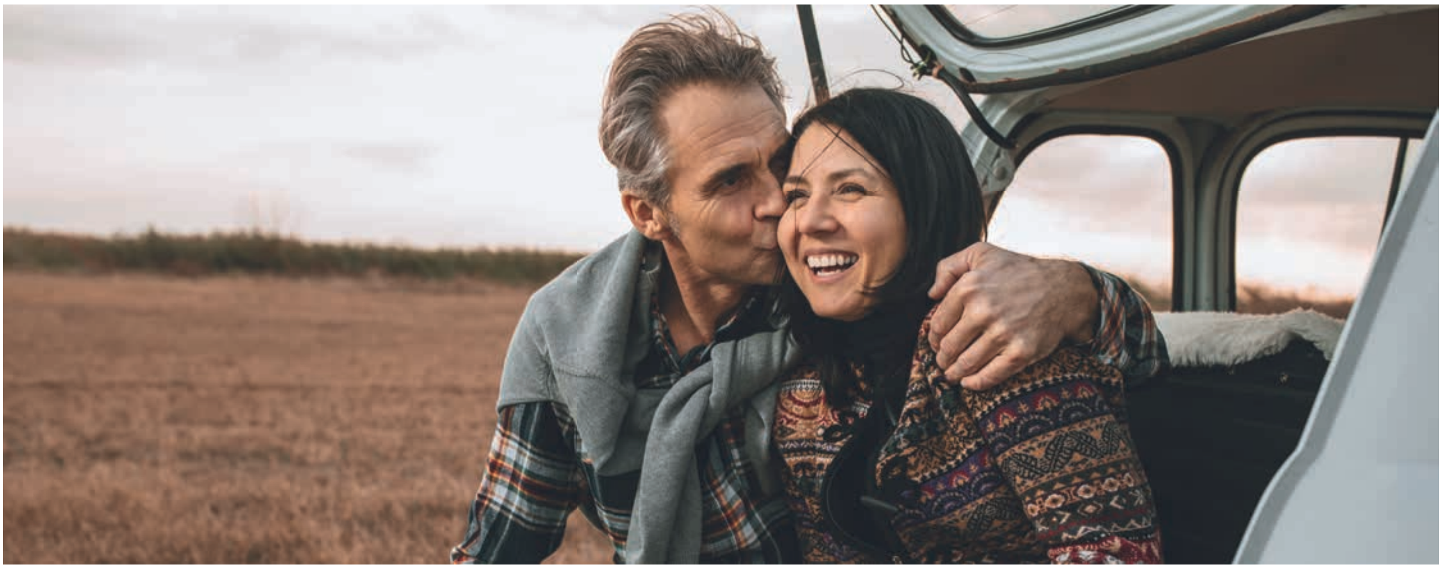




SPA – GET YOUR DATE STRAIGHT

A recent study[1] has found that a significant proportion of over-55s struggle to understand a range of key terms and rules relating to pensions. One essential piece of information to know is your State Pension Age (SPA), which is determined by your date of birth.

The SPA is gradually increasing from 65 and is set to reach 66 for men and women by next October, then to 67 by 2028 and to increase from 67 to 68 at a later date.

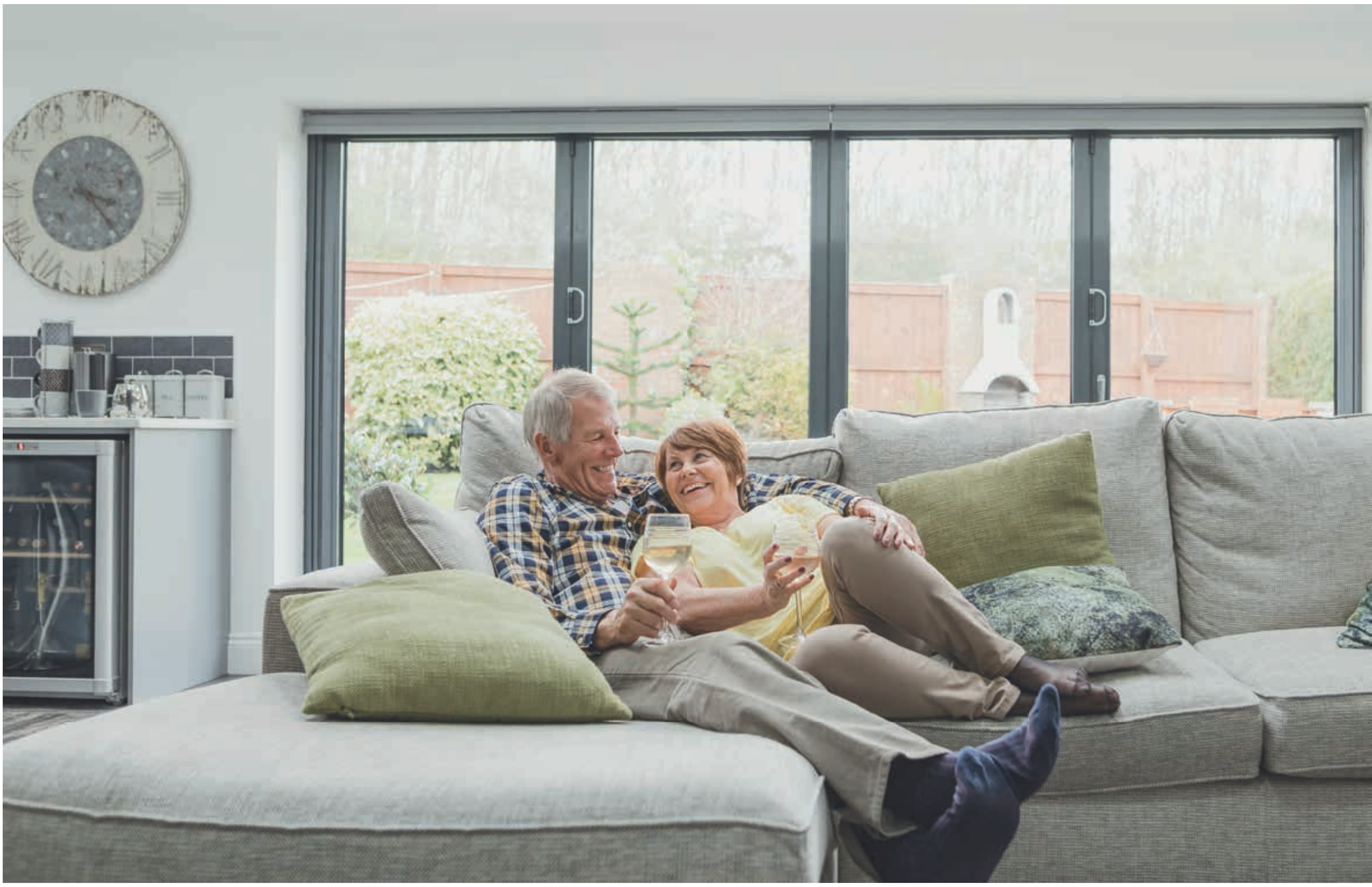
Under the Pensions Act 2014, a review of the SPA is conducted at least once every five years, which means that it could change again in the future, depending on different factors, such as changes in life expectancy.

Check your State Pension Age on the government's website

https://www.gov.uk/state-pension-age

We can help you with all aspects of your retirement planning. Remember, although a valuable supplementary sum, your State Pension should be regarded as a small part of your plan.

[1]Portafina, June 2019



THE COST OF A COMFORTABLE RETIREMENT

According to recent research[2], people who wish to retire at the age of 65 with pension income (including a full State Pension) equivalent to the average UK annual salary of about £28,000, now need to accumulate a pension pot of nearly £450,000 in order to fund their retirement until they are 100 years old. The Office for National Statistics says increasing numbers will attain this age in the coming decades.

Start saving early

In addition to stating the amount required to fund a comfortable retirement, the analysis also highlights how investing regularly across a working life provides the best hope of reaching that target. Indeed, it shows that an individual who begins saving at 25 years of age needs to invest around £235 a month to accumulate a suitably sized retirement fund. However, a delay of ten years sees this figure rise to £428; while someone who only begins saving at the age of 45 would need to put aside £859 a month to attain a pension pot of the required size. These projections are based on a defined contribution scheme entering a drawdown pension arrangement on retirement. Another option at retirement is to buy an annuity that provides an income for life regardless of age at death.

But better late than never

Although in an ideal world it is certainly best to start saving for retirement at the earliest opportunity, other financial commitments can inevitably make this difficult. And it's important to remember it's never too late to save for retirement. Employer contributions, along with favourable tax treatment and potential for investment growth mean that any pension contributions made in later life can still have a big impact on your standard of living in retirement.

Prioritise pension saving

While saving for retirement can seem to be a daunting task, the sooner you engage with the topic the better the chances of being able to afford the retirement you deserve. Although it may still seem to be a long way off, you can guarantee retirement will creep up much faster than you expect. And careful planning now will undoubtedly make a substantial difference to the amount of money ultimately available for you to enjoy in retirement.

[2]AJ Bell, June 2019

EDUCATING THE NEXT GENERATION OF INVESTORS

Talking about money with your children can be a difficult task for many parents. However, while such discussions may be uncomfortable, this taboo mentality can cause problems when it comes to transferring wealth from one generation to the next. Indeed, the only real way to ensure children are ready to take on financial responsibility is through education and communication.

Start the conversation early
Experts commonly suggest the key to preparing children to inherit wealth is to start talking about money early in their lives. Quite simply, the argument is that children who are taught basic money management skills at a young age typically display a more mature attitude to finances in adulthood.

Instil the value of money
Clearly, the type of topics discussed need to be age appropriate. So, for instance, the process may begin with simple money lessons focusing on pocket money when children are young. Giving them some financial independence, whether through an allowance or by making them earn spending money, can also instil financial responsibility and ensure children appreciate the value of money.

Broadening the scope
A range of financial topics can be introduced as your children move through the stages of adulthood. For example, whilst at university, emphasis may shift to applying financial concepts such as budgeting, before moving to issues such as investing, pensions and taxation when they start work. Other topics could include charitable-giving options, as well as concepts such as mortgages, trusts and wills, and the importance of professional financial advice.

Preparing for financial leadership
The final phase will include discussions about the wealth-transfer process itself and future plans relating to how family assets are to be divided. And, hopefully, by this stage, your children will not only have learnt how to handle money but also understand the importance of family traditions and values.

PLANNING FOR A NEW ARRIVAL

Preparing for the patter of tiny feet is an exciting, if somewhat daunting, time. And such a momentous event will clearly have major implications for household finances. So, while financial planning may not feature at the top of many prospective parents' 'to do' lists, it is a key action that will need to be tackled.

Financially stretched

Raising a child is an expensive business, particularly when childcare and school fees are factored in. Additionally, new parents typically find themselves having to meet these extra costs on a significantly reduced household income. This means most people find themselves more financially stretched when they start a family than at any other point in their lives.

Take stock of your finances

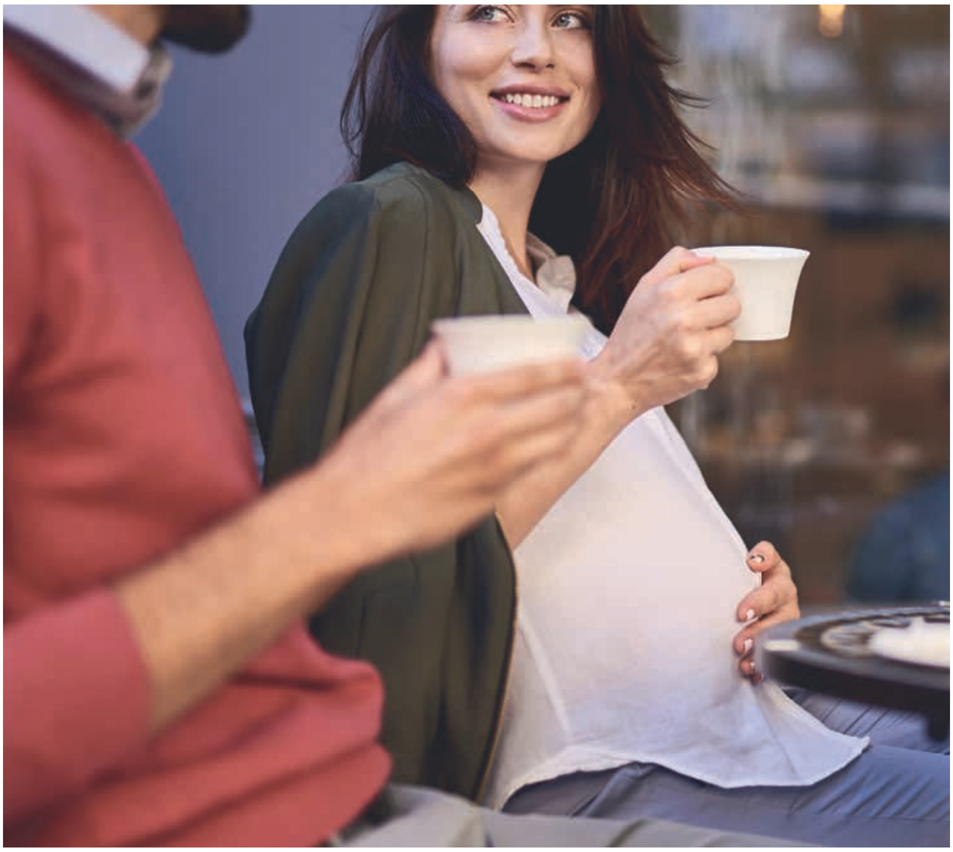
It's therefore vitally important to work out a budget before the baby is born. Opening a savings account is also a good idea in order to amass the funds required to cover initial expenses and help finance the early months when money can be particularly tight. In addition, reducing any outstanding debts can be a sensible strategy that will ultimately reap rewards in the long run.

Look to the future

It's also advisable to consider other financial planning issues when starting or expanding a family. For example, your new arrival may necessitate extra life cover, a change to named beneficiaries in a pension, a new will or the opening of new savings or investment products such as a Junior ISA.

Review your finances

In short, thorough financial planning before a new arrival is essential. So, if you're considering parenthood, it could be the perfect time to review your finances so you can be sure you, and all your family, stay financially secure.



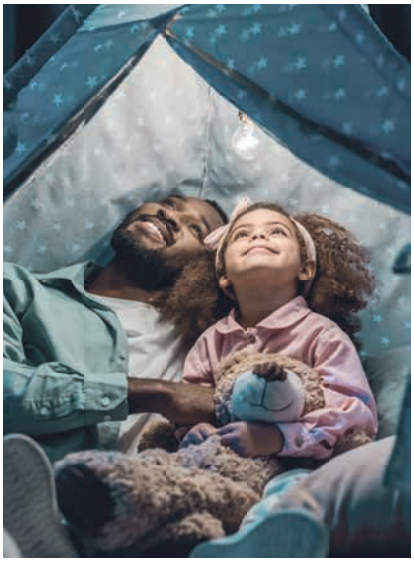
THE CHANGING FACE OF FAMILY WEALTH

In a year, not too far away, the multi-generational-retiree family will double in number. Analysis of ONS data highlights that these families, consisting of parents and their children in retirement, will total 1.2 million by 2039. Currently there are around 624,000 such families in the UK, nearly double the 1999 figure.

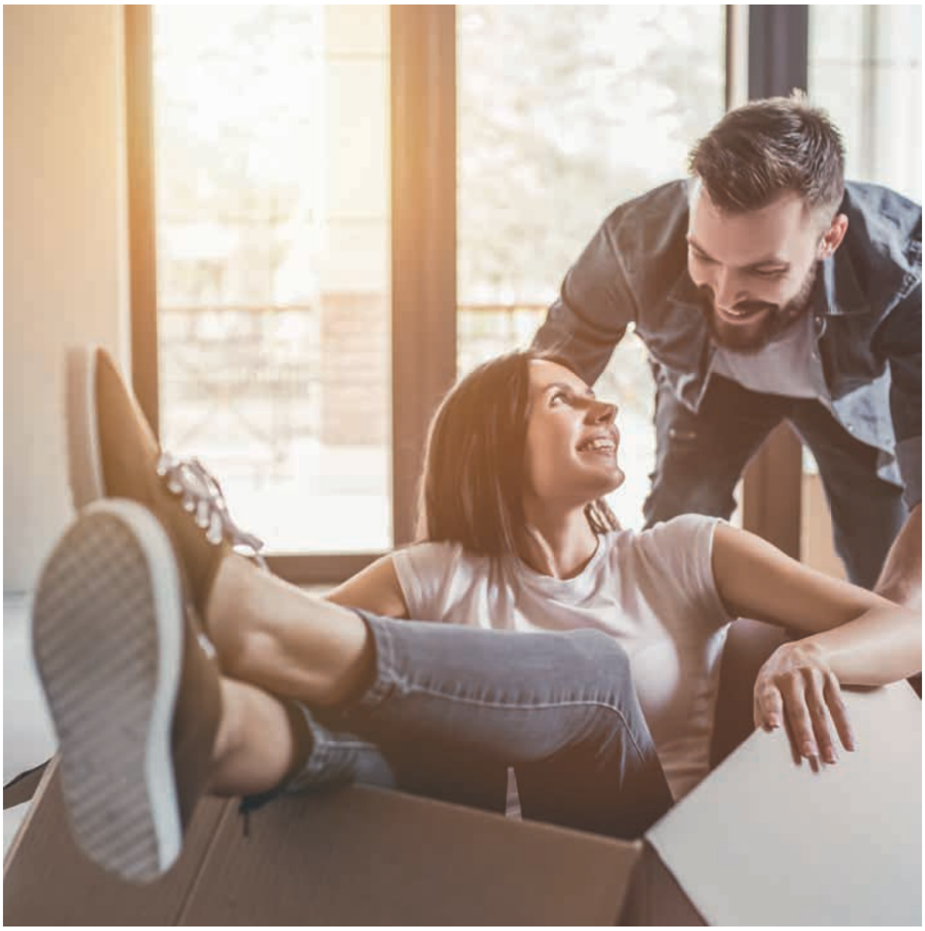
This massive shift in demographics will lead more families to spend their accumulated wealth, which will undoubtedly have a dramatic knock-on effect on the size of the inheritance they are able to leave when they die.

Value of advice

Traditionally, wealth has been passed from one generation to the next; however, this demographic shift further highlights the need for intergenerational wealth planning and how families can use their wealth more collaboratively to support each other during their lifetimes. Advice plays a vital role in navigating this complexity and planning to help ensure we all have sufficient funds to fulfil our retirement plans, whatever stage we're at.



INCOME FLEXIBILITY IN DRAWDOWN



Did you know that over-55s in drawdown can vary the amount of income they receive? If you didn't realise that was a possibility, you're certainly not alone, as a recent YouGov survey commissioned by Zurich[3] discovered.

Despite income flexibility being a key feature of drawdown, the survey revealed that more than half (52%) of over-55s taking an income in drawdown are unaware they can reduce their withdrawals and a greater number (56%) didn't know that they can stop them altogether. It's not surprising to learn that for those who don't take financial advice, the findings are even more bleak, with just 35% of non-advised retirees aware they can reduce their drawdown income.

Need to know

This research highlights a critical gap in awareness. There is a real danger to this ignorance as it puts investors unwittingly at risk of draining their pension pots if stock markets fall. Referred to as 'pound-cost-ravaging', this is where people are forced to sell more investments to achieve unsustainable income levels.

Taking a fixed level of income could leave people unable to sustain their pots throughout their retirement. Drawdown provides the flexibility to move your income up or down as your spending needs change, or as markets fluctuate. You may perhaps choose to revert to natural income for a while.

Take control

Engaging with your drawdown savings is vitally important. Don't make complex choices in drawdown without fully understanding how it works. We're here to help you plan effectively.

[3]Zurich, June 2019

KEEPING A CLEAR HEAD WITH YOUR INVESTMENTS

Whether you're an experienced investor or new to the table, learning to 'keep calm and carry on' is an essential tool which is sure to stand you in good stead for the years ahead.

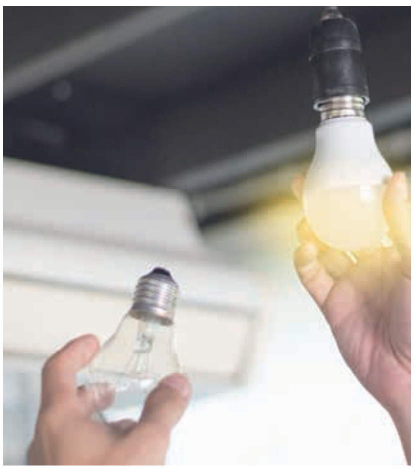
Adjusting to a world where stock prices can rise and fall, sometimes by a wide margin in a single day, can take a bit of getting used to at first. So, how should you approach portfolio investment?

Calm and collected

Investment requires a disciplined approach, combined with a degree of holding your nerve. Market volatility is inevitable. One of the worst investment strategies you can adopt is to jump in and out of the stock market, panicking when prices fall and selling investments at the bottom of the market.

Have a plan and stick to it

A well-defined investment plan, tailored to your goals and time horizon, that takes into account your financial situation, your income requirements and your capital needs, can help you weather market fluctuations and feel in control. We will keep your investments under regular review so that you have the right asset allocation, in line with your risk profile.



TIME AND MONEY – STRIKING THE RIGHT BALANCE

It's difficult to break the habits of a lifetime, as recent data from HMRC highlights. It seems some pensioners are continuing to save for their future, with the average value of an ISA held by someone aged over 65 now totalling £47,000, an increase of £4,500 on the previous year.

Squirrelling away the acorns

Many pensioners may be choosing to put money aside to cover unforeseen costs and to buy more expensive one-off items, rather than relying on their daily income to foot the bill. Other over-65s are continuing to save through fear of running out of money.

Whilst this may be a very sensible approach in many cases, some over-65s could be living unnecessarily frugal lives as a result of this overly cautious methodology. Treading too carefully with your finances in retirement may deprive you of your ability to enjoy yourself now.

A fine line

It's undoubtedly a fine balancing act for many people to ensure they plan for their future without forgetting to live in the present. Whilst these habits are admirable, everyone deserves a happy, fulfilling later life. Seeking sound financial advice can help to ensure you properly plan your finances before and during retirement, to achieve the right balance and peace of mind that you're making the right decisions for you and your future.

FINANCES ON DIVORCE

While getting divorced will inevitably be a difficult experience for all involved, it's important to ensure the process goes as smoothly as possible in order to avoid any potential for financial meltdown.

Splitting assets

The starting point for any divorce is to calculate the value of net assets held by each party; this will include all cash, savings and investments, property and pensions. Although there are no hard and fast rules governing how assets are divided, generally speaking, the starting point is 50:50.

Family home

Perhaps the biggest decision any divorcing couple face is what to do with the marital home. There are various options including for one spouse to buy the other out and keep the house, or for the property to be sold with the proceeds divided. If children are involved, one parent will often want to stay in the family home with them; in which case, existing mortgage arrangements need to be reviewed, especially if the other partner wants to buy another property.

Planning for the future

As well as seeking advice from professionals during a divorce, it is also important to obtain financial advice relating to your new circumstances post-divorce. As a bare minimum, you should consider your financial goals and review your mortgage, life insurance, savings and investment plans, as well as rewriting your will.

STAY SAFE DURING BREXIT

It's worth reminding yourself of the Financial Conduct Authority's (FCA) advice regarding staying safe from scams taking advantage of Brexit.

On leaving the EU, because most UK financial services regulation is drawn from EU directives, the government requires financial services companies to proactively contact anyone likely to be affected. For example, transfers of money to Europe or paying for a purchase in euros could take longer. Any disruption during this time could present a perfect opportunity for scammers, who may contact people pretending to be from their bank, insurer or other financial services provider.

Top tips

- Beware of all unexpected calls, emails and text messages
- A genuine bank or organisation will not ask for your PIN, full password or to move money to another account
- Never give out your personal or financial details unless it's for a service you want to use and where you trust the provider
- Don't be pressured into acting quickly – a genuine bank or financial services firm won't mind giving you time to think
- Always double-check the web link and company contact details in case it's a 'clone firm' pretending to be a real firm
- If you get an email, expand the pane at the top of the message and see exactly who it has come from – if it's a scam, the email address of the sender may be filled with random numbers or be misspelled
- Beware that fraudsters can 'clone' real email addresses to make their emails seem genuine

If you have any doubts about what you are being asked to do, don't respond to the message or click on any links. Check with your provider using contact details you can trust, for example the phone number on your bank statement or policy documentation. You can also ask your adviser to verify that the message you received is genuine.

ScamSmart

Don't forget, the FCA's ScamSmart website is a reassuring way of checking an investment or pension opportunity you've been offered and avoiding scams. For more information read the FCA pension scams leaflet, or find out more at www.fca.org.uk/scamsmart.

SIMPLIFYING IHT

A second report reviewing Inheritance Tax (IHT) has been published by the Office of Tax Simplification (OTS). The 103-page report is entitled 'Simplifying the design of Inheritance Tax' and follows the first report, published in November 2018, which focused on forms, administration and guidance.

Key areas

The report covers three key areas: lifetime gifts, the interaction of IHT with Capital Gains Tax (CGT) and reliefs available to businesses and farms. There are a total of 11 recommendations which the OTS believe would make IHT easier to understand. The four recommendations which specifically relate to lifetime gifts aim to streamline gift exemptions and make gifting simpler and more intuitive.

Double whammy

The OTS has acknowledged that IHT appears to be 'almost uniquely unpopular' and raises strong emotions amongst the public. This could be because people consider it to be a form of double taxation and a wealth transfer tax aimed at those who have worked hard to save for their old age. When recently questioned about the tax, the Chancellor Sajid Javid commented that there was "a real issue" around IHT.

The Treasury, who commissioned the report, is due to respond to the recommendations in due course and we will keep you updated on any developments.